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Message Text

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C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 13756

LIMDIS

DEPARTMENT PASS TREASURY

E.O.11652:GDS
TAGS:CASC, EEWT, UR, US
SUBJECT: RECOMMENDATIONS FOR ACTION IN CASE OF
INTERNATIONAL HARVESTER REPRESENTATIVE CRAWFORD

1. WE BELIEVE THAT SOVIETS SHOULD BE MADE TO PAY PRICE FOR ARBITRARY ARREST OF CRAWFORD. SANCTIONS WE PROPOSE BELOW MIGHT CONDUCE TO HIS EVENTUAL RELEASE - ALTHOUGH THIS DOUBTFUL. BUT AT MINIMUM WE WOULD WISH TO PUT THEM ON NOTICE FOR FUTURE REFERENCE THAT UNPRINCIPLED BEHAVIOR OF THIS SORT WILL HAVE SUBSTANTIAL COSTS FOR OTHER SOVIET INTERESTS. WHILE A RETALIATORY ARREST IS CLEARLY OUT OF BOUNDS FOR US, WE BELIEVE THAT COMBINATION OF PRESSURE FROM AMERICAN BUSINESS REPRESENT-ATIVES (IF IT CAN BE ORGANIZED) AND FROM DRASTIC AND PROGRESSIVE REDUCTION OF SOVIET COMMERCIAL PRESENCE IN THE UNITED STATES COULD BE HELPFUL AND IS APPROPRIATE TO THE CIRCUMSTANCES. FURTHERMORE, IN THE INTEREST OF DAMAGE CONTROL AND IF BOOK IS THROWN AT CRAWFORD, WE SHOULD CONSIDER ISSUING WARNING TO U.S. BUSINESS
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TRAVELERS TO SOVIET UNION THAT THEY MAY BE SUBJECT TO ARBITRARY ARREST FOR ALLEGED CRIMES BEARING LONG PRISON TERMS. TO AVOID LEAVING ANY FALSE IMPRESSION THAT WE THINK CRAWFORD'S ACTIVITIES MIGHT HAVE WARRANTED SOVIET ACTION, WE SHOULD TAKE POSITION THAT ARREST SEEMS TO BE A POLITICAL ACT WHICH HAS JUSTLY ALARMED THE AMERICAN BUSINESS COMMUNITY IN MOSCOW, ALL OF WHICH NOW FEELS

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INSECURE.

2. SOME STEPS SHOULD BE TAKEN AT ONCE TO SIGNAL OUR SERIOUS CONCERN AT THE VERY OUTSET, SINCE LACK OF A RESPONSE MIGHT CONVEY TO THE SOVIET LEADERSHIP A FALSE SIGNAL. WE BELIEVE THAT FULL ADVANTAGE SHOULD BE TAKEN OF TWO MEETINGS, ONE ONGOING AND THE OTHER PENDING, WHICH WILL BRING TOP U.S. BUSINESS LEADERS TOGETHER WITH SOVIET TRADE OFFICIALS. WE BELIEVE THAT MESSAGE SHOULD BE PASSED IN BUSINESS CHANNEL, AS WELL AS GOVERNMENT TO GOVERNMENT, THAT UNLESS CRAWFORD IS PROMPTLY RELEASED, SERIOUS AND POSSIBLY LONG TERM ADVERSE CONSEQUENCES FOR USSR MAY ENSUE.
A) WHILE ISSUE MAY HAVE BEEN RAISED BY SCOTT OR OTHERS AT MEETING OF US/USSR TRADE AND ECONOMIC COUNCIL EXECUTIVE COMMITTEE IN NEW YORK JUNE 14, WE THINK THAT INCOMING U.S. CHAIRMAN VERITY SHOULD BE ASKED TO INFORM SUSHKOV THA CRAWFORD'S ARREST IS AN INTOLERABLE AND UNJUSTIFIED ACTION WHICH, IF NOT SPEEDILY REDRESSED, WILL INEVITABLY HAVE SERIOUS DELETERIOUS EFFECT ON US-SOVIET TRADE. WE RECOGNIZE THAT ARMCO STEEL IS PRESENTLY INVOLVED IN POSSIBLY LUCRATIVE COMMERCIAL NEGOTIATIONS WHICH VERITY WOULD BE LOATH TO JEOPARDIZE, BUT GENERAL WARNING FROM HIM MIGHT THEREFORE BE ALL THE MORE PERSUASIVE. IT WOULD BE IDEAL IF THIS RECOMMENDATION COULD BE CONVEYED TO VERITY DIRECTLY BY UNDER SECRETARY
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SOLOMON, SPEAKING ON BEHALF OF SECRETARY BLUMENTHAL. (WE UNDERSTAND VERITY WILL BE SEEING SUSHKOV FOR SEVERAL DAYS.)
B) THE JUNE 26-27 MEETING IN MOSCOW OF THE INTERNATIONAL CHAMBER OF COMMERCE, AT WHICH HIGH LEVEL SOVIET REPRESENTATION IS EXPECTED AND WHICH SOVIETS HOPE TO USE TO BOLSTER PRESTIGE, SHOULD BE A SECOND FORUM FOR A WARNING THROUGH BUSINESS CHANNELS. FROM THE STANDPOINT OF SENDING A MESSAGE, CANCELLATION OF U.S. PARTICIPATION MIGHT BE THE BEST, BUT WE REALIZE THAT U.S. CHAMBER WOULD PROBABLY BE UNWILLING TO TAKE SUCH A STEP. WE RECOMMEND, HOWEVER, THAT EITHER DEPARTMENT OR USDOC CONVEY TO CHAMBER AT APPROPRIATELY HIGH LEVEL OUR BELIEF THAT AMERICAN REPRESENTATIVES PASS ON TO SOVIETS IN UNMISTAKABLE FORM THEIR MISGIVINGS ABOUT THIS ARREST AND THEIR CONCERN FOR ITS IMPLICATIONS UNLESS CRAWFORD IS PROMPTLY RELEASED.
C) WE ALSO RECOMMEND THAT DEPARTMENT SHOULD CONVEY TO INTERNATIONAL HARVESTER OUR VIEW THAT ARREST OF CRAWFORD WAS AN ARBITRARY ACT OF POLITICAL MOTIVATION AND THAT PROSPECT OF LONG INCARCERATION FOR HIM IS TOTALLY OUT OF PROPORTION WITH ANY VIOLATION OF SOVIET LAW WHICH HE MAY

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HAVE COMMITTED (AND WE ARE FAR FROM CONVINCED THAT HE VIOLATED ANY LAW). WE WOULD THEREFORE CALL ON INTERNATIONAL HARVESTER TO TAKE THE LEAD IN MOBILIZING AMERICAN BUSINESS SUPPORT ON BEHALF OF CRAWFORD. IN THIS CONNECTION WE UNDERSTAND THAT AMERICAN BUSINESSMEN REPRESENTED IN MOSCOW HAVE DECIDED TO WIRE THEIR HOME OFFICES, ASKING THAT THEY TAKE SUPPORTIVE ACTION IN THIS CASE (WE KNOW THAT CHASE REPRESENTATIVE HAS ASKED DAVID ROCKEFELLER TO WEIGH IN). SOME HAVE SAID THEY EXPECT INTERNATIONAL HARVESTER TO TAKE THE LEAD, BUT HAVE INDICATED THEY WILL SUPPORT. IN ADDITION, SOME FIRMS

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(E.G. COOPER INDUSTRIES) INTEND TO TELL SOVIET FOREIGN TRADE ORGANIZATIONS THAT THEY WILL NOT SEND TECHNICIANS INTO USSR IN CURRENT ATMOSPHERE OF PERSONAL DANGER.
3. PARALLEL TO THESE MOVES, WE RECOMMEND THAT USG GIVE IMMEDIATE CONSIDERATION TO A SERIES OF MEASURES TO PUT PRESSURE ON SOVIETS. MANY OF THESE MEASURES ARE IN OUR INTEREST IN ANY CASE AND SHOULD BE TAKEN EVEN WITHOUT REFERENCE TO CRAWFORD. SOME SHOULD BE DONE AT ONCE AND TIED TO CRAWFORD'S ARREST. THE REST SHOULD BE STUDIED AND IMPOSED PROGRESSIVELY IF THERE IS NO IMPROVEMENT IN THE SITUATION. WE THINK THAT SOME PUNITIVE MEASURES MUST BE TAKEN AT ONCE AS AN EARNEST OF OUR CONCERN AND TO DEMONSTRATE THAT WE ARE SERIOUS IN WARNING THAT SUBSEQUENT SANCTIONS WILL BE IMPOSED IN THE EVENT OF NO PROGRESS. ESSENTIALLY IT IS THE BLOATED AND FURTHER BURGEONING SOVIET "COMMERCIAL" (AND INTELLIGENCE) PRESENCE IN THE UNITED STATES WHICH PROVIDES A FAT

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TARGET. THE STATIONING OF SO MANY SOVIET OFFICIALS IN
THE U.S. AND THEIR INTENDED OR ACTUAL GEOGRAPHICAL
DISPERSION IS NOT IN OUR INTEREST, ESPECIALLY AS THE
SOVIETS TELL US THAT THEY INTEND TO BRING THEIR ORDERS
FROM US DOWN TO ZERO (PATOLICHEV) AND THAT THEY HAVE
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LITTLE CURRENT INTEREST IN US MARKET. SPECIFICALLY WE
RECOMMEND AS FOLLOWS:
A) US/USSR MARINE RESOURCES, INC. THE PERMISSION FOR
LATYSHEV TO RESIDE IN SEATTLE SHOULD BE DENIED OR, IF
ALREADY GRANTED, IMMEDIATELY RESCINDED, WITH THE
EXPLANATION THAT THIS IS A FIRST STEP IN RETALIATION FOR
THE ARREST OF CRAWFORD.
B) BELARUS MACHINERY INC. THE SOVIET REQUEST TO TRANSFER
TWO PERSONS FROM AMTORG TO BELARUS IN MILWAUKEE SHOULD BE
REJECTED IMMEDIATELY, AND THE SOVIETS INFORMED THAT THIS
IS DUE TO THE CRAWFORD ARREST. THEY SHOULD BE WARNED AT
THE SAME TIME THAT IF CRAWFORD IS NOT RELEASED AT AN
EARLY DATE, THE SOVIET EMPLOYEE PRESENTLY IN MILWAUKEE
WILL BE TERMINATED AND NO FURTHER PERMISSION GIVEN FOR
SOVIETS TO RESIDE THERE.
C) KAMA PURCHASING COMMISSION. THIS ORGANIZATION, WHICH
IS PRESENTLY LARGER THAN IT WAS WHEN IT WAS DOING A
GREAT DEAL OF BUSINESS, SHOULD BE CUT IN SIZE. THE FIRST
CUTS OF PERSONNEL (WE WOULD RECOMMEND THREE SLOTS) SHOULD
BE IMMEDIATE, AND THE SOVIETS INFORMED THAT THIS STEP IS
BEING TAKEN BECAUSE OF THE ARREST OF CRAWFORD. THE
SOVIETS SHOULD BE WARNED AT THE SAME TIME THAT OTHER CUST
CUTS WILL FOLLOW PROGRESSIVELY IN CASE THERE IS NO
IMPROVEMENT IN THIS SITUATION.

D) AMTORG. WE RECOMMEND THAT AMTORG BE REVIEWED WITH AN
EYE TO POSSIBLE FUTURE CUTS IN SIZE AS THE SITUATION MAY
WARRANT.

E) INTOURIST. WE HAVE ALREADY RECOMMENDED THAT INTOURIST'
SOVIET PERSONNEL BE REDUCED TO THE SIZE OF AMERICAN
EXPRESS'S NUMBER OF AMERICANS (TWO) IN THE EVENT THAT THE
HARASSMENT OF AMEXCO DEPUTY REPRESENTATIVE MARSCHALKO DOES
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NOT STOP. WE WOULD LIKE TO LEAVE INTOURIST LINKED TO
AMEXCO FOR THE PRESENT, BUT ITS STAFF OFFERS A POTENTIAL
TARGET AT A LATER DATE IF CRAWFORD REMAINS IN PRISON.

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F) AEROFLOT. IT IS OUR IMPRESSION THAT AEROFLOT PERSONNEL ALSO CONSIDERABLY EXCEEDS THAT OF PAN AMERICAN AND IS A PRIME CANDIDATE FOR CUTS AT LATER DATE IF SITUATION HAS NOT IMPROVED. CONTINUED INCARCERATION OF AN AMERICAN BUSINESSMAN, ASSUMING CRAWFORD IS CONVICTED AND SENTENCED, WOULD ALSO CALL INTO QUESTION PROLRIETY OF NEGOTIATING A CIVIL AIR AGREEMENT OFFERING SUBSTANTIAL REVENUES TO SOVIET CARRIER, BUT THIS IS ALSO A MATTER WHICH CAN BE GIVEN REVIEW FOR FUTURE CONTINGENCY.

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4. IF SOVIETS ARE DETERMINED TO HOLD AND PUNISH CRAWFORD, THE RELATIVELY MILD AND SELECTIVE COUNTERMEASURES OUTLINE ABOVE MAY WELL BE INSUFFICIENT. IN THIS CASE, WE WILL HAVE TO THINK OF ADDITIONAL STEPS TO SUPPORT HIM. WE BELIEVE THAT COUNTERMEASURES WILL BE MOST EFFICACIOUS IF SOVIETS UNDERSTAND FROM OUTSET THAT WE ARE SERIOUSLY CONCERNED AND THAT WE INTEND TO MAKE THEM PAY A PRICE, WHICH WILL RISE AS SITUATION CONTINUES UNRESOLVED. THAT IS WHY WE BELIEVE SOME STEPS MUST BE TAKEN IMMEDIATELY AS COUNTERPOINT TO WARNINGS BY GOVERNMENT AND BY BUSINESSMEN AND THAT SOVIETS SHOULD ENTERTAIN NO DOUBTS THAT WE WILL PROGRESSIVELY INVOKE FURTHER SANCTIONS IF THE INJURY IS NOT REDRESSED. IF WE FAIL TO DO SO, RESIDENT BUSINESS COMMUNITY WILL BE UNDERSTOOD BY SOVIETS TO BE FAIR GAME TO HELP THEM APPLY LEVERAGE FOR WHATEVER END THEY MAY BE SEEKING. CRAWFORD IS AN UNLUCKY VICTIM OF SUCH A SOVIET ATTITUDE AT PRESENT, AND WE SHOULD BE GIVING SERIOUS THOUGHT TO WHAT FURTHER

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ACTIONS WE CAN TAKE - IF IT PROVES NECESSARY - TO
DISABUSE THEM OF THE THOUGHT. TOON

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